



NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.

FINANCIAL STATEMENTS

December 31, 2020 and 2019

C O N T E N T S

Independent Auditor's Report	1
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North American Lake Management Society, Inc.
Madison, Wisconsin

We have audited the accompanying financial statements of North American Lake Management Society, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

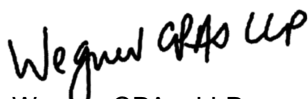
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North American Lake Management Society, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Wegner CPAs, LLP
Madison, Wisconsin
November 2, 2021

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 402,847	\$ 407,036
Accounts receivable	16,022	31,359
Grants receivable	5,000	-
Prepaid expenses	9,427	-
Total current assets	433,296	438,395
OTHER ASSETS		
Endowment investments	60,834	50,633
Total assets	\$ 494,130	\$ 489,028
LIABILITIES		
CURRENT LIABILITY		
Accounts payable	\$ 980	\$ 27,860
Accrued expenses	13,232	12,397
Deferred revenue	50,830	16,341
Total liabilities	65,042	56,598
NET ASSETS		
Without donor restrictions		
Undesignated	177,595	206,673
Designated by the Board of Directors for Operating reserve	150,000	150,000
Total without donor restrictions	327,595	356,673
With donor restrictions	101,493	75,757
Total net assets	429,088	432,430
Total liabilities and net assets	\$ 494,130	\$ 489,028

See accompanying notes.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions		
Paycheck Protection Program loan forgiven	\$ 24,390	\$ -
Contributions	13,853	12,132
Contract and other revenues		
Conferences	80,924	815,106
Membership dues	70,995	121,141
Publications	37,618	48,639
Advertising	13,442	13,460
Lake manager certification fees	2,350	5,675
Investment return, net	32	16
Other revenue	998	1,660
Total revenues without donor restrictions	244,602	1,017,829
EXPENSES		
Program services		
Conferences	74,415	544,393
Publications	81,596	82,589
Other program services	9,861	7,965
Supporting activities		
Management and general	85,414	74,304
Member development	12,776	13,299
Fundraising	9,618	3,582
Total expenses	273,680	726,132
Change in net assets without donor restrictions	(29,078)	291,697
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	18,340	8,504
Investment return, net	7,396	8,605
Change in net assets with donor restrictions	25,736	17,109
Change in net assets	(3,342)	308,806
Net assets at beginning of year	432,430	123,624
Net assets at end of year	\$ 429,088	\$ 432,430

See accompanying notes.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2020 and 2019

	2020						
	Program Services			Supporting Activities			Total Expenses
	Conferences	Publications	Other Programs	Management and General	Membership Development	Fundraising	
Personnel	\$ 36,227	\$ 5,943	\$ 8,748	\$ 62,831	\$ 11,334	\$ 3,564	\$ 128,647
Professional fees	-	28,766	-	14,487	-	-	43,253
Conferences	28,661	-	-	-	-	-	28,661
Printing and postage	491	46,211	119	850	154	48	47,873
Office expenses	5,033	163	240	1,723	311	5,699	13,169
Information technology	1,976	324	477	3,429	618	194	7,018
Occupancy	439	72	106	763	137	43	1,560
Advertising and promotion	15	3	4	26	5	2	55
Insurance	693	114	167	1,202	217	68	2,461
Travel	880	-	-	-	-	-	880
Other expenses	-	-	-	103	-	-	103
Total expenses	\$ 74,415	\$ 81,596	\$ 9,861	\$ 85,414	\$ 12,776	\$ 9,618	\$ 273,680
	2019						
	Program Services			Supporting Activities			Total Expenses
	Conferences	Publications	Other Programs	Management and General	Membership Development	Fundraising	
Personnel	\$ 50,082	\$ 6,197	\$ 6,630	\$ 46,731	\$ 11,070	\$ 2,981	\$ 123,691
Professional fees	-	24,000	-	13,658	-	-	37,658
Conferences	476,982	-	-	-	-	-	476,982
Printing and postage	2,200	51,417	291	2,053	486	131	56,578
Office expenses	6,203	417	446	5,335	745	201	13,347
Information technology	2,803	347	371	2,614	620	167	6,922
Occupancy	632	78	84	588	140	38	1,560
Insurance	1,077	133	143	1,004	238	64	2,659
Travel	4,414	-	-	-	-	-	4,414
Other expenses	-	-	-	2,321	-	-	2,321
Total expenses	\$ 544,393	\$ 82,589	\$ 7,965	\$ 74,304	\$ 13,299	\$ 3,582	\$ 726,132

See accompanying notes.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,342)	\$ 308,806
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	(275)	(1,300)
Net realized and unrealized gain on investments	(6,508)	(7,736)
Paycheck Protection Program loan forgiven	(24,390)	-
(Increase) decrease in assets		
Accounts receivable	15,337	(9,723)
Prepaid expenses	(9,427)	7,788
Grants receivable	(5,000)	-
Increase (decrease) in liabilities		
Accounts payable	(26,880)	(4,100)
Accrued expenses	835	(1,466)
Deferred revenue	34,489	(44,529)
Net cash flows from operating activities	(25,161)	247,740
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends and interest reinvested	(888)	(869)
Purchases of investments	(2,805)	-
Net cash flows from investing activities	(3,693)	(869)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	24,390	-
Proceeds from contributions restricted for investment in permanent endowment	275	1,300
Net cash flows from financing activities	24,665	1,300
Net change in cash	(4,189)	248,171
Cash at beginning of year	407,036	158,865
Cash at end of year	<u>\$ 402,847</u>	<u>\$ 407,036</u>

See accompanying notes.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

North American Lake Management Society, Inc. (NALMS) is a membership organization comprised of individuals, local lake associations, and others whose mission is to forge partnerships among citizens, scientists, and professionals to foster the management and protection of lakes and reservoirs. NALMS accomplishes its mission by facilitating the exchange of information between members and others through the distribution of newsletters, journals, and other publications; coordinating regional and international symposia; and conducting programs and activities to support its members and chapters. NALMS has membership representation in approximately twenty countries around the world. NALMS's primary sources of revenue include conferences, membership dues, government grants, and sales of publications. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Accounts Receivable

Accounts receivable primarily represent amounts due for advertising sales, membership dues and from events provided by NALMS. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of December 31, 2020 and 2019, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Endowment Investments

Endowment investments at December 31, 2020 and 2019, consist of exchange traded funds, which are valued at the closing price reported on the active market on which the securities are traded. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Revenue Recognition

NALMS's revenue consists of membership dues, conference admission and booth sales, publications, advertising and lake manager certification fees.

NALMS recognizes revenue from membership dues ratably over the applicable membership period, which is one year beginning on January 1st. NALMS generally bills members three months in advance of the applicable membership period. NALMS provides publications and education and scientific resources to members in addition to discounts for members on conference registrations. Membership dues received in advance of the applicable membership period are deferred and recognized as revenue in that future period. Membership dues are nonrefundable.

Revenues from the conference admission and booth sales, publications, advertising and lake manager certification fees are generally considered to be single performance obligations that are satisfied at a point in time or over the period of the event. Sales and other taxes NALMS collects concurrent with revenue-producing activities are excluded from revenues.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Paycheck Protection Program Loan

NALMS received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. NALMS expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. NALMS recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, professional fees, printing and postage, office expenses, information technology, occupancy, advertising and promotion, and insurance, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Conferences—NALMS coordinates a number of conferences held throughout North America to provide an opportunity for members to meet and exchange views with others on a diverse range of topics. Conferences include NALMS's Annual International Symposium, aimed at current research and management issues and the National Monitoring Conference, a biennial conference sponsored by the National Water Quality Monitoring Council. NALMS generally co-sponsors these events with a local affiliate or with federal governmental agencies such as the Environmental Protection Agency and the US Geological Survey.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Publications—NALMS's flagship publication, LakeLine Magazine, is published quarterly and is sent to members throughout the world. The articles in LakeLine encourage a lively exchange of ideas among members, report on the activities of lake associations and affiliates, and provide news and commentary. NALMS's scientific journal, Lake and Reservoir Management, publishes the best in peer-reviewed papers on lake and reservoir management and has become one of the most widely read and respected publications in the field. NALMS also publishes and distributes various journals, manuals, and educational materials to promote lakes and their management and to educate all levels of audiences.

Other program services—NALMS sponsors, co-sponsors, and/or organizes a number of scientific, management, education, outreach, and advocacy programs.

Management and general—Management and general activities relate to the overall direction of NALMS and include the functions necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of NALMS, and perform other administrative functions.

Fundraising and membership development—Fundraising activities relate to soliciting contributions from individuals, foundations, governments, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to NALMS. NALMS maintains and supports a database of members that includes citizens, scientists, professionals, corporations, not-for-profit organizations, local chapters, and others with an interest in lake, reservoir, and watershed quality issues. Membership development expenses include the costs related to soliciting for prospective members, collecting memberships, membership relations, and similar activities.

Income Tax Status

NALMS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state franchise or income tax.

Date of Management's Review

Management has evaluated subsequent events through November 2, 2021, date which the financial statements were available to be issued.

NOTE 2 – PAYCHECK PROTECTION PROGRAM LOAN

On May 2, 2020, NALMS received a \$24,390 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrues interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by NALMS during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over two years.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 – PAYCHECK PROTECTION PROGRAM LOAN (continued)

On March 29, 2021, the SBA preliminarily approved forgiveness of the loan and accrued interest. NALMS must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review NALMS' good-faith certification concerning the necessity of its loan request, whether NALMS calculated the loan amount correctly, whether NALMS used loan proceeds for the allowable uses specified in the CARES Act, and whether NALMS is entitled to loan forgiveness in the amount claimed on its application. If SBA determines NALMS was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 3 – NET ASSETS

Net assets with donor restrictions were restricted for the following purposes:

	2020	2019
Symposium speaker and sessions	\$ 61,109	\$ 53,438
Student travel grants	33,423	20,358
Reckhow fund	5,000	-
Volunteer monitor travel grant	1,961	1,961
Net assets with donor restrictions	\$ 101,493	\$ 75,757

Net assets with donor restrictions held in the endowment fund must be invested in perpetuity, the income from which is expendable to support symposium speakers and sessions.

NOTE 4 – CONFERENCES

Revenue from conferences consisted of the following:

	2020	2019
Conference registrations	\$ 44,344	\$ 594,272
Exhibitors fees	-	122,436
Sponsorships	22,455	51,250
Workshops registrations	14,125	39,648
Tours and special events	-	7,500
Conferences	\$ 80,924	\$ 815,106

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 5 – COMMITMENTS AND CONTINGENCIES

NALMS has contracted with a certain hotels and convention centers to hold future conferences at their locations. Total possible losses for cancellation of these events range from a minimum of approximately \$306,000 to a maximum of approximately \$468,000.

NOTE 6 – LIQUIDITY AND AVAILABILITY

The following reflects the NALMS's financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditures within one year because of donor-imposed restrictions or internal board designations:

	2020	2019
Cash	\$ 402,847	\$ 407,036
Accounts receivable	16,022	31,359
Grants receivable	5,000	-
Endowment investments	60,834	50,633
Financial assets at year end	484,703	489,028
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(101,493)	(75,757)
Board designations:		
Designated for the operational reserve	(150,000)	(150,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 233,210	\$ 263,271

As part of NALMS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 7 – ENDOWMENT

NALMS's G. Dennis Cooke Symposium endowment fund is a donor restricted endowment fund established to support specific programming at the annual symposium. NALMS's endowment consists of funds held in cash and investments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NALMS has determined that its net assets held in perpetuity meet the definition of endowment funds under Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA). NALMS has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, NALMS

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 7 – ENDOWMENT (continued)

considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. NALMS has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with UPMIFA, NALMS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of NALMS and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of NALMS, and (7) NALMS's investment policies.

NALMS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that NALMS must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce returns to fund the sustainability of NALMS's work while assuming a moderate level of investment risk.

Endowment net asset composition by type of fund as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
Donor-restricted endowment funds		
Original donor-restricted gift amount	\$ 38,680	\$ 38,405
Accumulated investment gains	<u>22,429</u>	<u>15,033</u>
Total funds	<u>\$ 61,109</u>	<u>\$ 53,438</u>

Changes in endowment net assets were as follows:

	<u>2020</u>	<u>2019</u>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment net assets at beginning of year	\$ 53,438	\$ 43,533
Contributions	275	1,300
Investment return, net	<u>7,396</u>	<u>8,605</u>
Endowment net assets at end of year	<u>\$ 61,109</u>	<u>\$ 53,438</u>

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 8 – RETIREMENT PLAN

NALMS has a SIMPLE IRA retirement plan that covers all employees with at least one month of service. NALMS matches up to 3% of employee contributions. The pension contributions charged to expense for 2020 and 2019 were \$3,220 and \$3,068, respectively.

NOTE 9 – COVID-19 CONSIDERATIONS

NALMS's operations may be affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on NALMS is uncertain; however, it may result in a material adverse impact on NALMS's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to NALMS's donors and revenues, absenteeism in NALMS's workforce, and a decline in value of assets held by NALMS.